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Prepared in Division of Information
Agricultural Adjustment Administration
U. S. Department of Agriculture
Washington, D. C.
September 1936

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AGRICULTURAL ADJUSTMENT AND CONSERVATION PROGRAMS NOT "ECONOMICS OF SCARCITY"

Agriculture has used and proposes to use, in sensible fashion, State and Federal powers to make adjustments to meet changing weather, declining European markets, increasing domestic markets, the need for soil conservation, and the size of the carryover. This means increases of some crops and decreases in others. It means preparation to meet the hazards of drought and other vagaries of nature. It means doing these things in the interest of the general welfare.

It should be pointed out that criticisms directed toward "plowing under of crops" and "restrictions of production" do not apply to the present agricultural program under the Soil Conservation and Domestic Allotment Act. This Act contains no provisions for restricting production of any crop either by agreement with producers or otherwise. On the other hand, it enables the Federal Government to assist farmers in adopting crop and soil-management practices that have been proved effective in conserving soil fertility and checking erosion by wind and water.

Provisions of the Agricultural Adjustment Act for the adjustment of planted acreage by farmers under contracts with the Government whereby they received benefit payments to assist them in making such adjustments, were held invalid in a decision of the United States Supreme Court January 6, 1936 and production-adjustment programs were discontinued as a result of that decision.

Insofar as the "plowing under of crops" is concerned, the Government, except in the case of cotton already planted at the passage of the Agricultural Adjustment Act, May 12, 1933, has never paid for, encouraged, required, or even authorized the destruction of any planted crop.

On the other hand, the production-adjustment programs actually operated to increase and to conserve feed and other needed crops at times when the agricultural situation required such an increase. In every sense, the programs were adjustment programs.

Production was reduced under these programs only in relation to commodities of which the export markets had disappeared or sharply diminished, and of which domestic surpluses had accumulated to force farm prices down.

Foreign markets did not disappear as a result of the inauguration of these programs. They diminished primarily because foreign nations lacked ability and desire to purchase American farm goods. Loans of American capital abroad, usable in buying American goods, ceased about 1930. High American tariffs prevented foreign nations from selling their products in this country, and nationalistic aspirations made other countries anxious to become self-sufficient.

In 1932, the year before the inception of agricultural adjustment and other recovery measures in this country, the value of American farm exports, after steadily declining for several years, was only 44.35 percent of the average for the preceding five years. Incidentally, that value has been mounting year by year since 1932 and in 1935 was 50.1 percent of what it had been in the 5-year period 1927-1931.

No program launched under the Agricultural Adjustment Administration was designed to reduce or did reduce production of any farm commodity below the volume required to meet domestic requirements, provide a suitable reserve, and supply any likely export demand at a suitable price.

These programs, again except for the cotton plow-up of 1933, were planned and announced so that farmers could plan their own plantings, and adjust their production, without destruction of any planted crop. Farmers who inadvertently or otherwise did produce more of a basic surplus commodity than their adjustment contracts authorized, were not required or authorized to destroy the excess. Alternative uses other than harvesting for market were provided, or adjustments in the rate of benefit payments were made for partial compliance with the contracts. The few farmers who may have destroyed crops did so on their own choice and responsibility and, in most cases, probably as a publicity gesture.

The cotton plow-up of 1933 occurred because the acreage of cotton already in the ground when the Agricultural Adjustment Act became effective, promised a bumper crop of 17 million bales or more, to add to a world carryover of American cotton amounting to 11.5 million bales. The two would have provided a world supply of more than 28 million bales of American cotton - nearly double the world consumption of American cotton in 1932. The 1932 national average farm price of lint cotton was 6.5 cents per pound.

Under the first cotton adjustment program 10.5 million acres of growing cotton were removed from production. Because the growing season was favorable the production of cotton on the reduced acreage in 1933 totaled 13 million bales. In 1933 the average farm price of lint cotton was 10.2 cents a pound, and the farm cash income from the cotton crop, including benefit payments, was 862 million dollars as compared with 464 million dollars from a crop of the same size in 1932.

Destruction of food or fiber crops that can be used and that will return the growers a decent income has never been countenanced

by the Agricultural Adjustment Administration. The cotton situation in 1933 called for drastic action. It is very apparent that this program did not lead to scarcity of cotton, and it did enhance the return to growers. Succeeding programs under the Agricultural Adjustment Act were planned and announced before the planting season, so that the adjustments sought could be made through planting, and not through plowing up cotton already planted.

Reduction of agricultural production, by one method or another, was inevitable in the situation of 1933. It might have been achieved by starving farmers out of business because the prices they received were in such great disparity with the prices they were compelled to pay for goods they bought. The Agricultural Adjustment Act offered a more orderly method.

Secretary of Agriculture Henry C. Wallace in 1923, Secretary William M. Jardine in 1925, Secretary Arthur M. Hyde in 1930, and the Republican party platform in 1932 cited agricultural overproduction as the principal cause of "the farm problem" and advocated orderly reduction of surpluses.

Fallacy of the thesis that agricultural adjustment has withheld adequate supplies of food from American consumers, is revealed by the fact that in 1932, when overproduction was greatest and the farmers were receiving the lowest prices for their products, consumers in the cities were not profiting by these surpluses. They were existing at a lower level and on a slimmer ration, than when reasonable prices for farm products enabled farmers to buy city goods and services and thus provide employment for city workers.

In 1934 factory production in industries using agricultural raw materials was 85 percent of the 1929 level, while production in factories using non-agricultural materials was 58 percent of the 1929 level. The volume of processed farm products was down 15 percent and that of industrial products 42 percent. The price situation was different. Prices of farm products were 39 percent lower than in 1929 and industrial prices 14 percent lower. Production of industrial goods in 1934 in relation to agricultural production was about 30 percent lower.

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